GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

AUDIT OF THE DEPARTMENT OF HEALTH HIV/AIDS ADMINISTRATION OFFICE

AUSTIN A. ANDERSEN
INTERIM INSPECTOR GENERAL

OIG No. 04-2-05HC **June 22, 2005**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

June 22, 2005

Gregg A. Pane, MD
Director
Department of Health
825 North Capitol Street, NE, 4th Floor
Washington, D.C. 20001

Dear Dr. Pane:

Enclosed is the final report summarizing the results of the Office of the Inspector General's *Audit of the Department of Health HIV/AIDS Administration Office* (OIG No. 04-2-05HC).

As a result of our audit, we directed 16 recommendations for necessary actions to correct the described deficiencies. We received a response to the draft report from the Director of the Department of Health (DOH) on June 21, 2005. DOH's response fully addressed all but two of the recommendations, and we consider the actions currently on-going and/or planned to be responsive to the remaining recommendations. We request that DOH reconsider its responses to Recommendations 1 and 16 and provide additional comments that fully address and meet the intent of these recommendations. The full text of the response is included at Exhibit D.

We appreciate the cooperation extended to our staff during the audit. If you have questions, please contract William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Austin A. Andersen
Interim Inspector General

AAA/lw

cc: See Distribution List

DISTRIBUTION:

The Honorable Anthony A. Williams, Mayor, District of Columbia (1 copy)
Mr. Robert C. Bobb, Deputy Mayor/City Administrator, District of Columbia (1 copy)
Ms. Alfreda Davis, Chief of Staff, Office of the Mayor (1 copy)
Mr. Gregory M. McCarthy, Deputy Chief of Staff, Policy and Legislative Affairs (1 copy)
Mr. Vincent Morris, Director, Office of Communications (1 copy)
The Honorable Linda W. Cropp, Chairman, Council of the District of Columbia (1 copy)
The Honorable Vincent B. Orange, Sr., Chairman, Committee on Government Operations, Council of the District of Columbia (1 copy)
Mr. Herbert R. Tillery, Deputy Mayor for Operations (1 copy)
Mr. Stanley Jackson, Deputy Mayor for Planning and Economic Development (1 copy)
Mr. Neil O. Albert, Deputy Mayor for Children, Youth, Families, and Elders (1 copy)
Mr. Edward D. Reiskin, Deputy Mayor for Public Safety and Justice (1 copy)
Ms. Phyllis Jones, Secretary to the Council (13 copies)
Mr. Robert J. Spagnoletti, Attorney General for the District of Columbia (1 copy)
Dr. Natwar M. Gandhi, Chief Financial Officer (5 copies)
Mr. Ben Lorigo, Executive Director, Office of Integrity and Oversight, OCFO (1 copy)
Ms. Deborah K. Nichols, D.C. Auditor (1 copy)
Ms. Kelly Valentine, Interim Chief Risk Officer, Office of Risk Management, Attention: Rosenia D. Bailey (1 copy)
Mr. Jeffrey C. Steinhoff, Managing Director, FMA, GAO (1 copy)
Ms. Jeanette M. Franzel, Director, FMA, GAO (1 copy)
The Honorable Eleanor Holmes Norton, D.C. Delegate, House of Representatives Attention: Rosaland Parker (1 copy)
The Honorable Tom Davis, Chairman, House Committee on Government Reform Attention: Melissa C. Wojciak (1 copy)
Ms. Shalley Kim, Legislative Assistant, House Committee on Government Reform (1 copy)
The Honorable Rodney Frelinghuysen, Chairman, House Subcommittee on D.C. Appropriations (1 copy)
Mr. Joel Kaplan, Clerk, House Subcommittee on D.C. Appropriations (1 copy)
Mr. Tom Forhan, Staff Assistant, House Committee on Appropriations (1 copy)
The Honorable George Voinovich, Chairman, Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia (1 copy)
Mr. David Cole, Professional Staff Member, Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia (1 copy)
The Honorable Richard Durbin, Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia (1 copy)
Ms. Marianne Upton, Staff Director/Chief Counsel, Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia (1 copy)
The Honorable Sam Brownback, Chairman, Senate Subcommittee on D.C. Appropriations (1 copy)
Ms. Mary Dietrich, Appropriations Director, Senator Sam Brownback (1 copy)
The Honorable Mary Landrieu, Senate Subcommittee on D.C. Appropriations (1 copy)
Ms. Kate Eltrich, Clerk, Senate Subcommittee on D.C. Appropriations (1 copy)

The Honorable Susan M. Collins, Chair, Senate Committee on Governmental Affairs
Attention: Johanna Hardy (1 copy)
The Honorable Joseph Lieberman, Ranking Minority Member, Senate Committee on Governmental Affairs, Attention: Patrick J. Hart (1 copy)

AUDIT OF THE DEPARTMENT OF HEALTH HIV/AIDS ADMINISTRATION OFFICE

ACRONYMS

ADAP	AIDS Drug Assistance Program
AIDS	Acquired Immunodeficiency Syndrome
CADR	Care Act Data Report
CARE Act	Ryan White Comprehensive AIDS Resources Emergency Act
CBO	Community Based Organization
CDC	Centers for Disease Control & Prevention
CFO	Chief Financial Officer
DCRA	Department of Consumer Regulatory Affairs
DOH	Department of Health
EIS	Executive Information System
EMA	Eligible Metropolitan Area
FPL	Federal Poverty Income Level
FSR	Financial Status Reports
FY	Fiscal Year
HAA	HIV/AIDS Administration
HIV	Human Immunodeficiency Virus
HOPWA	Housing Opportunities for Persons with AIDS
HPCPG	HIV Prevention Community Planning Group
HRSA	Health Resource Service Administration
HUD	U.S. Department of Housing Urban Development
MAA	Medical Assistance Administration
NOGA	Notice of Grant Agreement
OIG	D.C. Office of the Inspector General
PLWA	People Living With HIV/AIDS
SOAR	System of Accounting and Reporting

AUDIT OF THE DEPARTMENT OF HEALTH HIV/AIDS ADMINISTRATION OFFICE

TABLE OF CONTENTS

EXECUTIVE DIGEST

OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed an audit of the District of Columbia Department of Health HIV/AIDS Administration Office's (HAA) management and administration of grant funds awarded to Community Based Organizations (subgrantees). The objectives of our audit were to determine whether HAA: (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented adequate internal controls to safeguard against fraud, waste, and abuse.

CONCLUSIONS

This report contains four findings that detail the conditions we documented during the audit. The audit identified that HAA needs to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. We found that grant monitors did not perform the required number of site visits, prepared questionable site visit reports, inadequately maintained subgrantee files, failed to ensure that subgrantees were providing services as agreed, and did not sufficiently ensure that monitors perform their duties.

We also found that HAA did not ensure that subgrantees were operating under proper District licensure. In fact, some subgrantees' Articles of Incorporation had been revoked. Additionally, HAA did not ensure that Medicaid-eligible subgrantees were certified to receive Medicaid funding (reimbursement) before requests for reimbursement were provided from grant funds. Further, HAA did not always provide timely reimbursements to subgrantees, and in some cases, took over 90 days to reimburse subgrantees.

Lastly, we found that fiscal accountability over grant budgets and expenditures was inadequate. HAA could not provide us with budget and expenditure information related to individual grants. Specifically, there were few internal controls in place to ensure that HAA effectively and efficiently used HIV/AIDS grant funding.

EXECUTIVE DIGEST

SUMMARY OF RECOMMENDATIONS

We directed 16 recommendations to DOH that centered in part on: (1) developing policies and procedures that require HAA to ensure that subgrantees applying for grant funding have valid Articles of Incorporation and/or a valid business licenses, and that HAA is the payer of last resort for subgrantees that are Medicaid-eligible; (2) adherence to the D.C. Code, District regulations, and agency policies and procedures in the administration of grant funds; (3) ensuring timely reimbursements to subgrantees; (4) implementing internal controls to ensure that subgrantees are monitored and managed effectively and efficiently; and (5) providing fiscal accountability over grant budgets and expenditures.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

CORRECTIVE ACTIONS

On June 21, 2005, DOH provided a written response to our draft report. DOH's response fully addressed all but two of the recommendations, and we consider the actions currently on-going and/or planned to be responsive to our recommendations. We request that DOH reconsider its responses on Recommendations 1 and 16 and provide additional comments that fully meet the intent of these recommendations. The full text of DOH's response is included at Exhibit D.

INTRODUCTION

BACKGROUND

The Mayor and City Council established HAA in 1985 due to the growing number of cases involving the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS). HAA is under the direction of the Director of the Department of Health, which was established by Reorganization Plan No. 4 of 1996, Resolution 11-450. HAA's mission is to assess the status of the HIV disease, to promote harm and risk reduction initiatives, and encourage behavior change. HAA works with federal and local agencies to formulate policies and funding strategies that address the dynamics of the HIV disease in the metropolitan area and maximize the utilization of human, financial, technological, and other resources through grants and contracts.

HAA coordinates programs and support for people living with HIV/AIDS (PLWA) and other District residents. HAA provides a comprehensive system of HIV/AIDS prevention and care services to District residents and Eligible Metropolitan Areas (EMA)[1] residents so they can minimize their chances of infection and live healthy lives. HAA strives to serve all residents of the District of Columbia and the EMA who are at risk, infected with, and affected by HIV/AIDS. As of December 2003, there were 15,733 reported AIDS cases in the District of Columbia.[2]

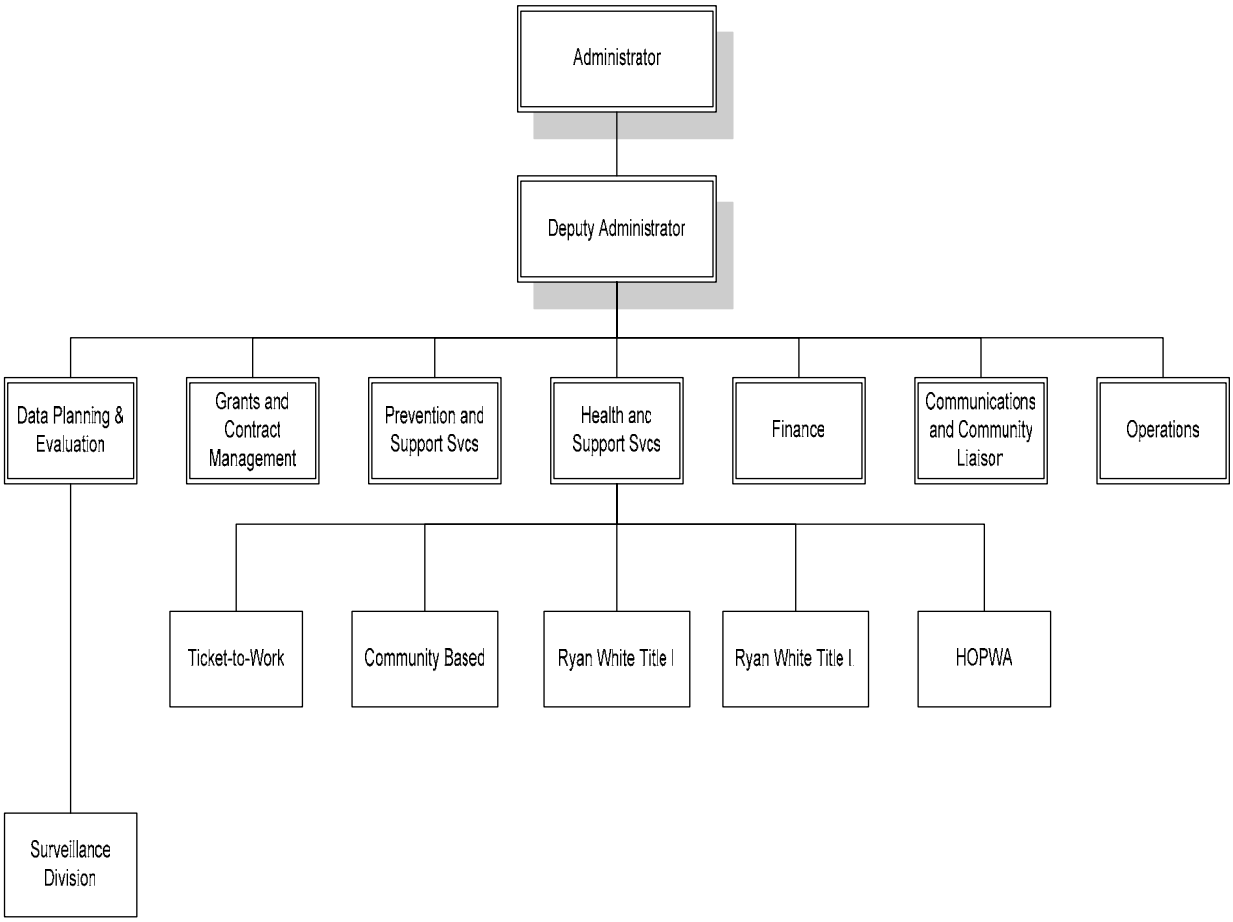
Some of the services HAA provides to the community include Health and Support Services, Data Research, and Prevention and Intervention Services. The Health and Support Services Division in HAA focuses on the effective delivery of health services and related support services for individuals infected with HIV and their families. The Health and Support Services Division oversees and manages the following grant programs: (1) Ryan White Title I; (2) Ryan White Title II; (3) Community Based; (4) Ticket-to-Work Demonstration; and (5) the Housing Opportunities for Persons with AIDS (HOPWA). See Exhibit B for a listing of HIV/AIDS grants reviewed, including detailed information concerning the purpose and funding for each grant.

[1] Ryan White Title 1 funds go to areas that have been hit hardest by the HIV epidemic. These areas are called Eligible Metropolitan Areas. In order to be eligible, an area must have at least 2,000 AIDS cases during the previous year and have a population of at least 500,000. HAA is the Chief Elected Official for the D.C. Metropolitan Area that provides health care services to Suburban, MD; West Virginia; Northern Virginia; and the District of Columbia.

[2] A representative of HAA provided this data on October 19, 2004, as the latest statistics of AIDS cases in the District.

INTRODUCTION

The flowchart below depicts the hierarchy and operation of HAA.



The table below lists the amount of the Federal Agencies Notice of Grant Agreements (NOGA) for each grant for FY 2002 and FY 2003; and the number of subgrantees awarded grants.

INTRODUCTION

Table 1 - Federal Award Grants to HAA [3]

HIV/AIDS Grants	FY2002 NOGA Amount	FY2002 # Of Subgrantees	FY2003 NOGA Amount	FY2003 # Of Subgrantees
HIV Emergency Relief Project (Ryan White Title I)	$25,157,698	34	$32,955,063	34
Ryan White CARE Act Title II	16,896,312	42	16,256,368	42
HIV Prevention Project	6,240,598	27	6,023,544	37
Community Based HIV/AIDS	210,131	1	400,000	1
Housing Opportunities for Persons with AIDS (HOPWA)	8,721,000	23	10,451,000	28
Centers for Medicare & Medicaid Services (Ticket-to-Work Demonstration Grant)	3,980,308	0[4]	8,063,721	0
HIV/AIDS Surveillance and Seroprevalence	1,171,075	0[5]	946,119	0
Total	**$62,377,122**		**$75,095,815**	

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine whether HAA: (1) managed and used resources in an efficient, effective, and economical manner; (2) complied with requirements of applicable laws, regulations, policies, and procedures; and (3) implemented adequate internal controls to

[3] HIV/AIDS grant funding for FY 2004 was consistent with funding for the past 2 years.
[4] Ticket-to-Work Demonstration Grant is a supplement for qualified persons living with HIV who are working full-time, part-time, or are self-employed, and who cannot obtain health insurance through their employer. Subgrantees are not awarded these grant funds; therefore, we did not look at this grant in detail because our focus was the monitoring of subgrantees that received grant funding. This grant is part of the District's effort to improve access to antiretroviral therapy through early HIV identification and intervention; to delay the onset of AIDS; and to maintain the ability to work with HIV or AIDS diagnosis.
[5] The Surveillance and Seroprevalence grant is used mainly for staff salaries and administrative costs because the services are performed in-house and are not out-sourced to vendors.

INTRODUCTION

safeguard against fraud, waste, and abuse. To accomplish our objectives, we held interviews and discussions with HAA management and administrative staff to gain a general understanding of the policies and procedures and other controls used by HAA in the management of grant funds. We also conducted interviews with the Co-Chair of the Ryan White Title I Planning Council and a representative from the DC Primary Care Association. We examined and analyzed financial and monitoring records, contacted several subgrantees, and conducted site visits of subgrantees. We did not completely rely on computer-processed data during this audit. However, any use of this data would not materially affect the audit results. The period of our review covered transactions in FY 2002 and FY 2003 and included tests of HAA's operations from FY 2002 through FY 2004.

This audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary.

PRIOR AUDITS AND REVIEWS

KPMG LLP conducted the Government of the District of Columbia, Audit of Federal Awards Programs, and Year ended September 30, 2003, issued January 23, 2004. The report reviewed three of HAA's grants including the Ryan White Title I, Ryan White Title II, and Prevention grants. The KPMG report had three findings, and only one related to our audit objectives. The related finding involved the monitoring of grants to subgrantees. KPMG recommended that HAA implement a comprehensive subrecipient monitoring system. In response to the report, HAA indicated it would implement a comprehensive subrecipient monitoring system to indicate the subrecipient name and month in which a site visit and follow-up visit should be completed. Our audit examined aspects of HAA's monitoring system, and the results of our review are included in the Findings section of our report.

FINDINGS AND RECOMMENDATIONS

FINDING 1: GRANT MONITORING

SYNOPSIS

The Grant Management Division did not adhere to existing policies and procedures for monitoring HIV/AIDS grant-funded programs, to include: (1) performing timely required site visits; (2) preparing site visit reports; (3) documenting reports timely and accurately; (4) maintaining accurate and current contact information; (5) maintaining complete and updated subgrantee files; and (6) ensuring subgrantee service deliverables. Additionally, the Grant Management Division did not implement adequate controls regarding monitor training and a complaint/resolution process. These conditions were caused, in part, by a lack of consistent leadership at HAA and a lack of management oversight. As a result, HAA failed to ensure that financial and management policies for subgrantees are in place in accordance with statutory and regulatory requirements. Ultimately, these deficiencies could result in subgrantee failure to provide needed services to a vulnerable population.

DISCUSSION

We found that the grant monitors were not conducting the required number of site visits. Site visits are performed to determine if the subgrantees are achieving targeted goals and/or deliverables outlined in the grant agreement. The Grants Management Division New Employee Guide and Desk Procedures specifies that site visits are to be conducted on a quarterly basis (four per year) for each grant. At the time of our review, the Grants Management Division employed nine grant monitors and one was out on worker's compensation. During interviews, the monitors explained that they were responsible for performing three informal site visits and one formal site visit during the grant period. Formal site visits entail a review of all aspects of a subgrantee's grant requirements, whereas informal site visits encompass a limited review of a subgrantee's grant requirements. Upon further inquiry, we found that one grant monitor had not performed 1 site visit for 11 months while having been assigned subgrantees. When we interviewed the grant monitors, they uniformly stated that due to time constraints, they actually perform one informal site visit and one formal site visit for each grant, contrary to policies and procedures.

Site Visits. We selected 35 subgrantees to determine if the grant monitors were conducting site visits in accordance with HAA's Grant Management procedures. Our review found that none of the 35 subgrantees received the required number of (four) site visits. During, in interviews with the grant monitors, we were told that site visits that had been performed had not been properly documented or filed in the subgrantee folder. Further, grant monitors explained that they were behind on preparing the site visit reports. One grant monitor presented many spiral notebooks to prove that notes were taken during the site visits, but stated that there was no time to prepare the documents properly.

FINDINGS AND RECOMMENDATIONS

Process for Documenting Site Visits and Subgrantee Performance. The Grants Management Division New Employee Guide and Desk Procedures states, at page 3 of the HIV/AIDS Administration Site Visit Protocol, that within 3 days following the site visit, "the monitor shall conduct a post-site visit meeting with all members of the site visit team and the Program Manager." After this meeting, the grant monitor drafts a memorandum of record to document the meeting participants' comments, recommendations, and consensus rating of the subgrantee's performance. These ratings are then entered on the "Summary Evaluation of the Subgrantee Performance" form. The ratings and narrative are an integral part of the file, and this data is used to justify continuation or termination of the grant.

HAA developed site visit procedures requiring monitors to document each site visit in the form of a written report, to include findings and recommendations. The final/formal report must be submitted to and approved by the Director of the Grants Management Division and HAA's Program Manager. Once approved, reports are submitted to subgrantees and must be postmarked within 14 days after completion of the site visit. We found that HAA either did not perform or prepare site visits timely or did not prepare site visit reports at all. Additionally, for the "informal" site visits that were conducted, there was no evidence that these reports received supervisory approval.

Supervisory Review of Site Visits Reports. There was no evidence that the site visit reports were regularly reviewed and approved by a supervisor. There is a summary evaluation checklist that should be completed for each subgrantee during the formal site visit. The grant monitors informed us that these rating sheets are required only for formal site visits to accompany the narrative report, and should be attached to the narrative report. We reviewed 26 formal site visit reports and found that 17 of the 26 had an evaluation checklist (rating). The checklist was used only 65 percent of the time and of those, only 17.6 percent had an approval signature.

Grant Monitor Workload. The results from interviews with the grant monitors revealed that each monitor had between 5 and 11 subgrantees to monitor. The table below indicates the number of available working days that grant monitors have to conduct site visits.

Table 2 - Number of Available Working Days for Site Visits

Average Number of Subgrantees per Monitor[6]	Number of Total Site Visits per Monitor (Days)	Number of Available Working Days[7]
9	36	237

[6] Monitors are required to perform four site visits per year.
[7] There are 260 weekdays a year. This figure was adjusted by 13 holidays, 5 sick days, and 5 vacation days (which are estimates). For the purpose of our calculation, we allocated 1 day per site visit whether it was a formal or informal site visit.

FINDINGS AND RECOMMENDATIONS

In addition to site visits, grant monitors are responsible for reviewing budgets, processing invoices, providing technical assistance, and compiling periodic reports of subgrantees. However, we believe that HAA's grant monitors have more than an adequate amount of time during the year to provide the stipulated number of subgrantee site visits; especially when considering that three of the site visits would be informal and less time consuming. As Table 2 indicates, grant monitors need approximately 36 days out of 237 available workdays to conduct site visits. Because site visits are not occurring, it is difficult for HAA to gauge whether subgrantees are providing consistent and effective HIV and AIDS care services.

Altered Site Visits Reports. Our review of 35 subgrantees' site visit reports found that 4 site visit reports had language and wording that was identical. Further review indicated that the reports possibly had altered information from another subgrantees' site visit report, where the date and the subgrantee name were different; however, the report narratives were the same.

We met with the Supervisor of the Grants Management Division and the grant monitor who prepared the altered reports to obtain an explanation as to why the site visit reports were not prepared specifically for each subgrantee. The grant monitor explained that at the time she was rushing to catch up on preparing her site visit reports by coming in on weekends and accidentally cut and pasted the wrong information. When we were given the actual notes from the site visit, we discovered that the actual site visit had taken place more than 2 years previously. Further, we found no evidence that a report sheet that is to be submitted to the supervisor on a weekly basis was being prepared or reviewed. When we requested an explanation from HAA management, we were told they were aware the grant monitors were having trouble meeting the required 4 site visits per year, and that HAA was planning to change its regulations to 2 site visits per year. Management stated that there was an approval process for site visits, but that this process was not currently being followed and, as a result, site visits had not been approved for quite some time.

Based on the above analysis, we believe that HAA failed to effectively monitor subgrantees, and did not prepare accurate and timely site visit reports. HAA was not in compliance with the grant agreement requirements and HAA's policies and procedures. We believe these conditions are the result of insufficient supervision over site visit monitoring and record keeping.

Validating Subgrantee Operations. We conducted a telephone survey of 55 subgrantees to determine whether they were operating viable programs and were providing services for the purpose that the grant money was intended. The results of our survey revealed that 13 of the 55 subgrantees could not be contacted via telephone. As a result of not being able to contact these subgrantees, we performed site visits, and found the following conditions described below:

FINDINGS AND RECOMMENDATIONS

- six subgrantees were not located at either the address listed on the grant agreement or at the location stated by grant monitors as to where monitoring occurs;

- three subgrantee sites were inaccessible[8];

- two subgrantee office managers were unsure or unaware that their offices provided HIV/AIDS services; and

- two subgrantee sites showed no evidence of HIV/AIDS services being provided.

We determined that HAA did not implement adequate controls and processes to ensure correct and current addresses of subgrantees. We found that 6 of the 13 subgrantees had incorrect addresses in the official subgrantee folder. After finding the correct address for 6 of the subgrantees with incorrect addresses listed in the official subgrantee files, through the telephone directory, we asked the subgrantees' assigned monitors to verify the current address where site visits are performed. One monitor was unable to provide us with the address where site visits are performed, and the others stated that they conducted site visits at the addresses maintained in the files, the incorrect addresses. Based upon our survey results and our follow-up work conducted in this regard, we determined that HAA did not implement adequate controls and processes to ensure subgrantees' current and accurate addresses were maintained on file.

Inadequate Maintenance of Subgrantee Files. Grant monitors are responsible for developing and maintaining subgrantee files for each grant the subgrantee receives. The Grants Management Division New Employee Guide and Desk Procedures lists six items that should be maintained in the subgrantee grant file: (1) invoices, (2) Notice of Grant Agreement (NOGA), (3) progress notes, (4) site visit reports and subgrantee contact information, (5) correspondence, and (6) categorical budget. We reviewed 22 subgrantee files for the above mentioned documents and found that 15 did not have site visit reports; 9 did not have invoices for a 60-day period; 2 did not have invoices at all; 9 did not have progress notes; 8 did not have correspondences; and 1 was missing a budget.

Due to the large amount of missing documents, monitors are unable to establish whether subgrantee activities are performed timely and whether the grantee is providing the level of services consistent with the terms of the grant agreement. These items are essential to effectively monitor subgrantee performance.

[8] We were unable to gain entrance to the subgrantee site.

FINDINGS AND RECOMMENDATIONS

Training Grant Monitors. The Grant Management Division has a Management Concepts Training and Certification Program designed to help grant professionals gain comprehensive knowledge of government-wide requirements, agency regulations, and grants management best practices. The Grant Management Division had nine grant management specialists, eight of whom participated in a Management Concepts Training and Certification Program when they were hired as new employees. The grant monitor who had not received the Management Concept Training and Certification Program had been employed with HAA for 11 months.

Our review found that there were only three grant management specialists that received additional training since the Management Concepts Training and Certification Program training course. The training classes they received covered contracts, comprehensive aids, and the District's new Procurement Automated Support System (PASS). The six remaining grant specialists did not receive any form of training in fiscal years 2002 and 2003.

We believe that HAA's grant monitors have not received adequate training to provide them with the knowledge and skills required to effectively monitor the subgrantee programs and grant funding. The lack of training could impair the grant monitors' ability to effectively evaluate the delivery of efficient and effective HIV/AIDS services. Further, we believe that the lack of training could have contributed to grant monitors failing to: (1) perform site visits; (2) prepare required reports accurately; (3) maintain complete subgrantee files; and (4) monitor subgrantee performance overall. The Ryan White CARE Act allows funds to be used for HAA staff training to enhance an employee's ability to improve the quality of HIV/AIDS grant deliverables.

Service Deliverables and Grant Agreement Target. Subgrantees are responsible for providing an array of services (such as counseling, testing, HIV/AIDS information, and housing assistance) and safe sex products to District residents that have been affected by HIV/AIDS. When subgrantees are awarded grants, they submit a budget, which includes the estimated number of clients that they will provide services to and the corresponding need for funds. The budget and targets are stipulated in their signed grant agreements. It is the subgrantees' responsibility to provide the services, and it is HAA's responsibility to ensure that the services are provided and that the subgrantees meet their agreed upon targets. According to the grant agreements, HAA is to monitor performance by identifying subgrantees who fall 25% behind (during any 1-month) in providing client services (targets). If a deficiency is found, HAA, in collaboration with the subgrantee, is to formulate a remediation plan to correct the deficiencies.

Although there were many instances where service deliverables were met and often exceeded, we found instances where subgrantees did not meet their targets for providing services. In many cases, the unmet targets were not discovered until the conclusion of the grant. Early detection of overly optimistic targets or non-performing subgrantees would

FINDINGS AND RECOMMENDATIONS

allow the Grants Management Division to reallocate funds to other HIV/AIDS programs or otherwise cancel the grant agreements with non-performing subgrantees. In addition, early detection would allow HAA to ensure that needed services are being provided to District residents impacted by HIV and AIDS. Table 3 below provides examples where subgrantees did not meet the targeted amounts of services stipulated in their grant agreements.

Table 3- Schedule of Targeted Services for FY 2003

SUBGRANTEE	GRANT #	SERVICE TO BE PROVIDED	TARGET # of SERVICES for FY 2003	ACTUAL # of SERVICES for FY 2003	PERCENT OF SERVICES PROVIDED[9]
A	3L0031	Nutritional Assessments	50	0	0%
		Substance Abuse Group Counseling	840	636	75%
		Mental Health Services	80	62	77%
B	2K0200	Primary Medical Care	80	50	62%
C	3L0160	Group Level Intervention	12	3	25%
		Prevention Case Management	60	20	33%
		Individual Level Intervention	300	56	18%
D	3L0001	Complementary Therapies	440	231	52%
		Case Management	376	271	72%
E	3L0027	Group Counseling Hours	278	192	69%
F	3L0067	Testing and Treatment Referrals	900	30	3%
G	3L0020	Intakes	35	15	42%
		Case Management Counseling	210	41	19%
		Telephone Contacts	420	91	21%
		Bio-psychosocial Reassessment	35	0	0%
		Client Service Plan Update	35	1	2%

Reporting Requirements. HAA requires subgrantees to submit reports outlining their results of the services offered to District residents. The required reports are the Narrative Report, Closeout Report, Express Report, and the Care Act Data Report (CADR).

[9] Grant funding for the subgrantees awarded these grants was reduced to correspond with the reduced amount of services provided.

FINDINGS AND RECOMMENDATIONS

The Narrative Report is a monthly report detailing the results of the services rendered by the subgrantee. The report should be submitted on the 5th business day of the month following that in which the services were provided, and should include invoices and supporting documentation. A review of subgrantee files maintained by the grant monitors revealed that these reports are not submitted timely. We reviewed 22 subgrantee narrative reports, and found that 20 reports were submitted more than 30 days late and 2 reports were not submitted to HAA for an entire year.

The Closeout Report describes the subgrantees' objectives, actual accomplishments, problems encountered, and corrective actions taken relating to the services rendered. The report should be submitted no later than the 30th day of the month following the expiration of the grant agreement.

We requested 36 Closeout Reports to review and determine if deliverables and targets were met and if subgrantees were in full compliance with the grant agreement. We received 18 of the Closeout Reports (50 percent) requested and found that in 8 cases, the subgrantee had not met the targets as stipulated in the grant agreement. Some of the reports identified that subgrantee deliverables met were as low as 2 percent of the targeted goals or no services were provided at all.

The Express Report is an online computer tracking system that is used by subgrantees to input information regarding their target client population. This report tracks the number of clients, services, programs provided, medical information, and grant expenditures. The report should be entered into the tracking system on the 5th business day of the month following that for which the statistics are being reported. Our review found that a large number of subgrantees do not have access to the online computer system.

The CADR is only required of those subgrantees which receive Ryan White funds. To complete this report, information is extracted from the Express Report, and compiled monthly by a Public Health Analyst. The CADR is submitted annually to the Health Resource Service Administration (HRSA). The calendar year 2003 CADR was timely submitted by HAA; however, information from two subgrantees was missing. We asked the Director of the Grant Division what steps were taken to obtain these reports from the two subgrantees, and were informed that he did not feel it was that important because most of the subgrantees had timely submitted their reports. However, there is a penalty set by HRSA for late submission or incomplete reports. HRSA informed us that a penalty is only imposed if there is a large amount of data missing. Although HRSA did not impose a penalty in this case, we believe HAA should require that subgrantees submit all required reports on time and ensure that the CADR provides complete information because the reports are used to help determine the level of grant funds.

FINDINGS AND RECOMMENDATIONS

A-133 Reporting Requirements. We found that HAA continued to award grants to subgrantees that were non-compliant with federal regulations. OMB Circular A-133 titled, *Audits of States Local Governments and Non-Profit Organizations* requires organizations expending $300,000 or more, prior to FY 2004, to obtain an independent audit, as stipulated in the grant agreements, and that subgrantees are responsible for competitively obtaining an independent audit. The cost of the audit is an allowable charge to the grant. The purpose of the A-133 audit is to review the vendor's administration and control of funds in order to provide assurance that expenditures charged to the grant are allowable and adequately documented.

We randomly selected 23 subgrantees awarded grant funding in excess of $300,000. We found three subgrantees that did not have independent audit performed for fiscal years 2002 and 2003. Additionally, we found that although these subgrantees had never submitted an A-133 audit report, they were each awarded grants in FY 2004. Table 4 below shows the FY 2004 grant funding awarded to the three subgrantees that did not have independent audits performed in FY 2002 and FY 2003.

Table 4- Subgrantees without independent audits for FY 2002 and FY 2003:

Subgrantee Name	Grant Funding in FY 2002	Grant Funding in FY 2003
Subgrantee - A	$371,635	$428,897
Subgrantee - B	$8,757,269	$103,000
Subgrantee - C	$517,022	$423,019

RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS

We recommend that the Director, Department of Health:

1. Require HAA officials to implement a reporting requirement documenting that grant monitors are performing the required number of site visits and that site visits are documented timely for each subgrantee;

2. Require that HAA officials implement a policy to assign each subgrantee a monitor immediately after grant agreements are executed.

3. Establish a uniform method of documenting and recording monitors' site visits;

4. Periodically review subgrantee files to ensure that accurate and current contact information is maintained;

5. Design a monitor training program to properly train grant monitors on oversight responsibilities for subgrantees providing HIV/AIDS services;

FINDINGS AND RECOMMENDATIONS

6. Periodically assess whether HAA is adhering to and is actively monitoring subgrantees' service deliverable targets;

7. Require HAA officials to adhere to grant agreements and provide remediation plans to subgrantees who fall 25% behind in meeting service targets;

8. Implement internal controls, such as a monthly checklist, that monitors must use to document that they have timely received all required reports (Status, Narrative, Closeout, and CADR reports); and

9. Establish a system to identify all subgrantees that are required to obtain annual A-133 audits and to alert the grant awarding department when subgrantees fail to obtain required audits so that grant funding would no longer be awarded in subsequent years.

DOH RESPONSE

DOH generally agrees with the recommendations and has provided detailed actions taken and planned to address all of the above recommendations and correct noted deficiencies. DOH's full response is included at Exhibit D.

OIG COMMENT

We consider DOH's actions to be responsive to the above recommendations and meet the intent of the recommendations with the exception of Recommendation 1. DOH's response did not indicate whether it would establish a reporting requirement as specified in our recommendation. We request that DOH reconsider its response and provide additional comments that fully address and meet the intent of the recommendation.

FINDINGS AND RECOMMENDATIONS

FINDING 2: HAA'S GRANT AWARD PROCESS

SYNOPSIS

HAA's award process did not provide sufficient management controls to ensure that HIV/AIDS grants are awarded to qualified providers/subgrantees. Specifically, HAA awarded grant funding to subgrantees that did not have the appropriate or valid licenses to conduct business in the District of Columbia. Further, HAA did not always identify subgrantees that were eligible for Medicaid certification. As a result, HAA used HIV/AIDS grant funding before first using available Medicaid funding. These conditions existed because HAA's procedures for awarding grants did not include written policies or established practices to ascertain whether potential subgrantees possessed proper District licensure, and other qualifications, including eligibility for Medicaid certification. As a result, there is no assurance that these subgrantees are providing District residents services to which they were entitled in a manner consistent with District laws, rules, and regulations. Lastly, by not using available Medicaid funding, the District lost the opportunity of $1.1 million in revenue that could have been used for HAA programs.

DISCUSSION

We found that HAA awarded grant funding to subgrantees that did not have the appropriate or valid licenses to conduct business in the District. HAA awarded grants to 5 subgrantees with revoked Articles of Incorporation and 14 subgrantees that were unlicensed in the District of Columbia. We also identified three subgrantees that were eligible for Medicaid certification, but were not certified. Subgrantees are required to obtain this certification prior to submission of an application for grant funding.

Revoked Articles of Incorporation. We identified five subgrantees receiving grant funds with revoked Articles of Incorporation. Although these subgrantees received grants from HAA in FY 2002 and FY 2003, all five had Articles of Incorporation that were revoked a year or more before they applied for HAA grants. HAA should have determined that these organizations did not have valid Articles of Incorporation before awarding them grants to conduct business with the District government.

According to HAA's management, when potential subgrantees submit them applications for consideration to receive grant funding, the subgrantees are required to submit certain documentation (assurances) to demonstrate compliance with District statutory and regulatory requirements. The documentation should be attached to the application package, and must demonstrate that the applicants meet all necessary District requirements to provide safe and quality services to District residents. Some of the assurances required are licenses to operate

FINDINGS AND RECOMMENDATIONS

a residential facility, an occupancy license, Articles of Incorporation, medical certificates, and a Medicaid certification (when applicable).

In order to conduct business in the District of Columbia, a corporation is required to pay filing fees and meet reporting requirements. This requirement is stated in the D.C. Code § 29-101.130. If the requirements are not met, the organization's Articles of Incorporation may be revoked.

D.C. Code § 29-301.85 states:

> (a) If any corporation incorporated under this subchapter, or any corporation which has elected to accept this subchapter, or any foreign corporation having a certificate of authority issued under this subchapter, shall fail or refuse to pay any report fee or fees payable under this subchapter, or fail to file a report as required by this subchapter, then, in the case of a domestic corporation, the articles of incorporation shall be void and all powers conferred upon the corporation shall be inoperative, and in the case of a foreign corporation, the certificate of authority shall be revoked and all powers conferred pursuant to it shall be inoperative.

The table below identifies amounts awarded to the five subgrantees with revoked Articles of Incorporations.

Table 5 - Subgrantees with Revoked Articles of Incorporation

Subgrantee	Grant Amount Awarded in FY 2002	Grant Amount Awarded in FY 2003
Subgrantee - A	$500,841	$762,656
Subgrantee - B	$371,635	$480,897
Subgrantee - C	$795,155	$732,412
Subgrantee - D	$0	$50,000
Subgrantee - E	$179,000	$86,820
Total	**$1,846,631**	**$2,112,785**

The Articles of Incorporation for the following five subgrantees were revoked by Mayoral Proclamation, pursuant to the District of Columbia Nonprofit Corporation Act, for failing and/or refusing to file reports and pay fees to the Department of Consumer and Regulatory Affairs (DCRA). At the end of our fieldwork, we determined that these subgrantees' Articles

FINDINGS AND RECOMMENDATIONS

of Incorporation had not been reinstated; yet, HAA continued to do business with each subgrantee.[10]

- **Subgrantee - A.** Articles of Incorporation were revoked on September 11, 2000, because the subgrantee failed to file its Articles of Incorporation and obtain a business license by April 15, 2000.

- **Subgrantee – B.** Articles of Incorporation were revoked on September 8, 1998, because the subgrantee failed to file its Articles of Incorporation and obtain a business license by April 15, 1998.

- **Subgrantee - C.** Articles of Incorporation were revoked on September 10, 1990, because the subgrantee failed to file its Articles of Incorporation and obtain a business license by April 15, 1990.

- **Subgrantee - D.** Articles of Incorporation were revoked on September 9, 2002, because the subgrantee failed to file its Articles of Incorporation and obtain a business license by April 15, 2002.

- **Subgrantee - E.** Articles of Incorporation were revoked on September 9, 2003, because the subgrantee failed to file its Articles of Incorporation and obtain a business license by April 15, 2003.

Each subgrantee is to pay filing fees for bi-annual reports in order to renew their Articles of Incorporation once expired. Prior to the expiration date of the Articles of Incorporation, DCRA sends a reminder to businesses a month before the reports and filing fees are due.

We contacted DCRA's Office of Compliance and Enforcement to determine if the subgrantees with revoked Articles of Incorporation had any complaints or investigations pending. The Office of Compliance and Enforcement imposes sanctions and other adverse actions against businesses and individuals found to be in violation of District law. We found there were no complaints or investigations pending, and sanctions had not imposed against these subgrantees.

Unlicensed Subgrantees

HAA awarded grants to 14 subgrantees that did not have required business licensure. These subgrantees provide a variety of services to District residents, to include medical services (e.g., HIV testing (drawing blood), medical evaluations, and dispensing medication prescriptions).

[10] During our review, we also found a subgrantee whose business was dissolved on January 31, 1985, and had filed the appropriate documentation to dissolve a corporation with DCRA. However, this subgrantee received $674,349 in FY 2002 and $51,444 in FY 2003 in grant funding.

FINDINGS AND RECOMMENDATIONS

All of the subgrantees we reviewed were required to possess Class A licenses, pursuant to D.C. Code § 47-2851.03(c)(10) (2001).[11] Class A category businesses are "subject to inspection and approval by the District government and may be fined, suspended, or closed for failure to pass each inspection or approval." D.C. Code § 47-2851.03(a)(1) (2001). The table below identifies the grant awards made in FY 2002 and FY 2003 to the 14 subgrantees that did not have proper business licenses.

Table 6 - Unlicensed Subgrantee/Grant Awards

Subgrantee	Grant Amount Awarded in FY 2002	Grant Amount Awarded in FY 2003
Subgrantee – A	$348,803	308,715
Subgrantee – B	103,000	0
Subgrantee – C	79,425	129,763
Subgrantee – D	62,858	0
Subgrantee – E	34,308	175,000
Subgrantee – F	0	75,000
Subgrantee – G	50,000	0
Subgrantee – H	93,333	342,853
Subgrantee – I	30,680	0.00
Subgrantee – J	15,911	47,734
Subgrantee – K	270,000	218,944
Subgrantee – L	146,692	82,500
Subgrantee – M	106,642	106,642
Subgrantee – N	1,200,000	312,758
Total	**$2,541,652.00**	**$1,799,909**

HAA did not ensure that subgrantees possessed proper licensure before awarding grants. This is an indication of HAA's failure to establish and follow procedures for determining that businesses are properly licensed and registered to conduct business with the District of Columbia. HAA's lack of stringent controls over selecting and monitoring businesses to provide needed services to District residents put the District at risk for awarding grants to unlicensed subgrantees who provide serious health care services to District residents.

[11] On October 28, 2003, the D.C. Council enacted the Streamlining Regulation Act of 2003 (D.C. Law 15-38), which eliminated the Class A and Class B categories for business licensure. *See* D.C. Code § 47-2851.03 (Supp. 2004). D.C. Law 15-38 replaced these categories with the use of endorsements to basic business licenses (e.g., Public Health: Health Care Facility endorsement). *See id.*

FINDINGS AND RECOMMENDATIONS

MEDICAID CERTIFICATION

The Department of Health, Medical Assistance Administration (MAA) determines whether medical providers are eligible to receive Medicaid reimbursements. Some subgrantees provide medical care services that qualify them to receive Medicaid certification. In order for a subgrantee to receive Medicaid certification, it must provide Primary Medical Care Services, which include laboratory and sub-specialty services; home health services, including professional nursing and therapies; and personal care aide services. If a subgrantee is Medicaid-certified and provides HIV or AIDS care services to clients that are Medicaid eligible, the subgrantees may be reimbursed from Medicaid funds rather than HAA grant funds.

According to HAA's management, their policy provides that their federal grant funding is to be used as payer of last resort or to supplement grant funds made during the grant year. Additionally, according to Section 2605(a) of the Ryan White CARE Act: "[F]unds received under a grant awarded under this part will be utilized to supplement not supplant State funds made available in the year for which the grant is awarded to provide HIV-related services."

In addition, according to the U.S. Department of Health & Human Services Ryan White C.A.R.E. Act Title I, manual page 22:

> Title I funds are not intended to be the sole source of support for HIV care and treatment services in an EMA. The maintenance of effort requirement is important in ensuring the CARE Act funds are used to supplement existing local jurisdiction expenditure for HIV-related care and treatment services and to prevent Title I funds from being used to offset specific HIV-related budget reductions at the local level.

We conducted a sample of 38 subgrantee case files to determine if these subgrantees were eligible to receive Medicaid reimbursement, and whether they were Medicaid-certified. We found that 10 subgrantees were eligible to be Medicaid-certified. Of those 10, 3 subgrantees failed to obtain Medicaid certification, which resulted in the District losing the opportunity to receive $1.1 million in federal reimbursements from Medicaid ($1.6 million at 70%). The table below list the subgrantees that received grant awards for FY 2002 and FY 2003 that were Medicaid eligible, but was not certified.

Table 7 - Subgrantees Eligible for Medicaid Certification

Subgrantee	FY 2002	FY 2003
Subgrantee - A	$392,390	$292,806
Subgrantee - B	$301,781	$295,429
Subgrantee - C	$230,705	$170,271
Total	**$924,876**	**$758,506**

FINDINGS AND RECOMMENDATIONS

Our review found that during HAA's grant award process, HAA did not adhere to policies and procedures that require subgrantees that are Medicaid eligible to become Medicaid-certified prior to submitting an application to receive grant funds. According to HAA's management, subgrantees should provide a letter from MAA, an ID number, and/or a pending application to show if they are Medicaid-certified or seeking the same.

RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS

We recommend that the Director, Department of Health:

10. Develop polices and procedures to:

    a. Ensure that grants are only awarded to subgrantees that are properly licensed and registered to conduct business in the District of Columbia;

    b. Establish a process for coordinating the review of business and other licensing requirements with DCRA and other organizations as necessary;

    c. Determine prior to the grant award whether a subgrantee applicant is eligible to obtain Medicaid certification, and ensure that eligible applicants have sought and obtained certification;

    d. Ensure that HAA seeks Medicaid reimbursement for services provided by a Medicaid-certified subgrantee, in accordance with the Ryan White Care Act.

DOH RESPONSE

DOH generally agrees with the recommendations and has provided detailed actions taken and planned to address all of the above recommendations and correct noted deficiencies. DOH's full response is included at Exhibit D.

OIG COMMENT

We consider DOH's actions to be responsive to the above recommendations.

FINDINGS AND RECOMMENDATIONS

FINDING 3: SUBGRANTEE REIMBURSEMENTS

SYNOPSIS

HAA did not fully comply with applicable program guidelines in providing timely reimbursements to subgrantees. In some instances, reimbursements to subgrantees took more than 90 days, 60 days past the 30-day requirement. Untimely reimbursement occurred because HAA's management failed to require adherence to the procedures outlining the vendor payment process and the importance of providing subgrantees with timely reimbursements. HAA also could not provide supporting documentation for some reimbursements provided to subgrantees. As a result of untimely reimbursements, subgrantees financial solvency could be adversely affected, as well as their ability to continue to render HIV/AIDS services to District residents.

DISCUSSION

On November 12, 2003, DOH's Chief Financial Officer (CFO) transferred the payable and disbursement functions from HAA to the DOH's CFO to comply with the requirements of the District Anti-Deficiency Act of 2002 (D.C. Law 14-285). Before the transfer, HAA's finance division received, reviewed, approved, and processed invoices in SOAR[12] for final approval and payment. Because this process lacked segregation of duties, in violation of the Anti-Deficiency Act, the CFO assumed some of the duties in the payment process for subgrantees to ensure that disbursement functions were independent of the purchasing and receiving functions.

HAA's current role in the subgrantee reimbursement process is to certify the receipt of goods and services, ensure availability of funds for reimbursement, and submit approved invoices to the CFO for payment. To accomplish this, HAA is required to adhere to all accounting and reporting functions as stipulated under federal regulations for administering federal grants timely and accurately.

In addition, HAA developed guidelines, general desk procedures, and timelines for reimbursements to subgrantees. The general desk procedures provide operating standards for receiving, recording, and processing subgrantee's invoices. HAA's general desk procedures provide that subgrantees are to be reimbursed within 30 days. However, the general desk procedures do not stipulate a timeline for the Finance Division and the Grant Management Division to review, approve, and process invoices. When we conducted a survey of subgrantees to determine how long it took for them to get reimbursed, we found that on average, it took 45 days to receive reimbursement for HAA.

[12] SOAR is the District's System of Accounting and Reporting.

FINDINGS AND RECOMMENDATIONS

Subgrantee Reimbursement Process Survey. We conducted a mail survey (Customer Satisfaction Survey) to obtain input about the subgrantee reimbursement process and to ask subgrantees to rate HAA's reimbursement process. We randomly selected 55 subgrantees to participate in the survey, and 34 (62 percent) replied to our survey. Our survey contained 10 questions relating to the subgrantee reimbursement process. See Exhibit C for a copy of the Customer Satisfaction Survey and survey results.

The survey showed that subgrantees believe that HAA did not make timely reimbursements, and that it took, on average, more than 45 days for HAA to make payments to subgrantees. According to survey results, it took HAA:

- More than 90 days to reimburse 1 subgrantee;
- More than 45 days to be reimburse 20 subgrantees;
- 45 days to reimburse 7 subgrantees; and
- 30 days to reimburse 3 subgrantees

Receiving, Recording, and Processing Invoices. We conducted tests of HAA's receiving, recording, and processing of invoices to confirm the validity of subgrantee's survey results and to determine the effectiveness of the entire process. Our test confirmed that HAA was not processing invoices timely, not accurately recording transactions, and lacked sufficient supporting documentation of the subgrantees' invoices for reimbursements.

Tests of Invoice Processing

HAA's Grants Management Division maintains an invoice-tracking log database that identifies the recordation and approval of subgrantee invoices received, while HAA's Finance Division invoice-tracking log shows the actual reimbursement made to subgrantees.

We randomly selected 82 transactions for testing. We found that it took HAA's Finance Division more than 10 days to forward 52 of the 82 transactions to the Grant Management Division for review. We also found that it took HAA more than 25 days to review 24 transactions before submitting them to the CFO to release for payment.

We performed another test to determine if the invoice-tracking logs maintained by the Grants Management Division and the Finance Division recorded the same transaction data. We also wanted to identify if any payments were being generated fictitiously. We tested 248 transactions and found that 66 were not listed on the Finance Division invoice log, but were recorded on the Grants Management Division log.

We also selected 63 transactions from the Grants Management Division invoice log to determine the actual amount reimbursed to the subgrantee. We requested invoices and generated documents from SOAR for our review. According to HAA's policies and procedures, payments are made to subgrantees after receipt, of invoices and/or supporting

FINDINGS AND RECOMMENDATIONS

documentation and approval by HAAs management. HAAs Finance Division was unable to provide valid supporting documentation for 49 transactions amounting to $1.9 million in reimbursements. As a result, we were unable to validate whether the 49 invoices were actually paid to the respective subgrantees.

We also found that HAA neither properly recorded or processed invoices, nor made timely reimbursements to subgrantees, as the result of weak internal controls over the subgrantee reimbursement process; not adhering to office policies and procedures; and inadequate written procedures over the timeliness for processing invoices and reimbursement to subgrantees.

The timeframe for processing invoices for payment should take no more that 30 days, according to HAA and DOH/CFO's office policies and procedures. Communication with subgrantees revealed that their only source of funding comes from HAA, which makes it difficult to maintain operations. As a result, if payments are not made timely, subgrantees may be prohibited from providing HIV/AIDS-related health care services to District residents.

HAA's management should analyze the vendor payment process and make necessary changes to provide adequate oversight for the receipt, recording, and processing of transactions to ensure timely reimbursements to subgrantees and to ensure continued services for District residents. Additionally, internal controls need to be developed to ensure that all documentation supporting reimbursements is maintained.

RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS

We recommend that the Director, Department of Health:

11. Require HAA to update its general desk procedures to include a reasonable timeframe in which grant monitors will process subgrantee invoices.

12. Require HAA to update its general desk procedures to include a timeframe that HAA's management will be allotted to review and approve processed invoices.

13. Require supporting documentation for reimbursements made to subgrantees be maintained within HAA.

14. Obtain supporting documentation for the 49 reimbursements made to subgrantees identified in this audit.

FINDINGS AND RECOMMENDATIONS

DOH RESPONSE

DOH generally agrees with the recommendations and has provided detailed actions taken and planned to address all of the above recommendations and correct noted deficiencies. DOH's full response is included at Exhibit D.

OIG COMMENT

We consider DOH's actions to be responsive to the above recommendations.

FINDINGS AND RECOMMENDATIONS

FINDING 4: RECORDING AND PROCESSING OF GRANT FUNDING

SYNOPSIS

HAA's controls over grant funding and grant expenditures were inadequate. HAA was unable to validate the accuracy of grant expenditures under our review. We found instances where HAA apparently overstated and understated grant funds because HAA did not properly or accurately record revenue and expenditures. We were unable to determine the accurate amount of disbursements, and HAA was unable to provide supporting documentation that would show the completeness and accuracy of recorded transactions. We believe that HAA's inability to identify expenditures leaves grant funds susceptible to commingling and misrepresentation, which would violate the terms of the grant agreements. In addition, HAA's lack of controls over grant funds and expenditures could result in use of these funds for other than their intended purposes.

DISCUSSION

HAA's principal sources of grant funding are the U.S. Department of Health & Human Services, and the U.S. Department of Housing & Urban Development (HUD). HAA is notified of available grant funding through the receipt of Notice of Grant Agreements (NOGA), which are prepared for each individual grant. HAA awards the majority of the grant funds to subgrantees to further its mission of promoting the awareness and availability of HIV/AIDS related health care services in the Metropolitan area.

We conducted tests to determine the validity and accuracy of the receipt, recordation, and disbursement of grant funds. We compared financial data from the following sources: the Executive Information System (EIS) report, NOGAs, and the Financial Status Reports (FSR). Identified below is a description of these reports:

Executive Information System (EIS). The EIS report is generated from SOAR and identifies the amount of the grant award and corresponding expenditures by fiscal year for each individual grant.

Notice of Grant Agreement (NOGA). Federal agencies inform HAA of grant funding through receipt of a NOGA. The NOGA identifies the amount awarded, budget period, grant period, and the type of grant.

FINDINGS AND RECOMMENDATIONS

Financial Status Reports (FSR). A FSR is a federal standard form 269A that is prepared by the CFO annually to show the spending activity of a grant award. The report documents the spending and outlays of grant dollars, as well as the available balance of grant funding. This report is submitted to the respective federal agency that awarded the grant. The data used to furnish this report are retrieved from SOAR.

We reviewed the recordation and disbursements for the grants listed in Tables 8 and 9. The data identified in Tables 8 and 9 were obtained from NOGAs and from CFO generated reports. We found that the data listed on the SOAR generated EIS report was not consistent with the amounts listed on the NOGAs. There were instances of expenditures greater than the amount awarded. In some instances, HAA reported to the federal agency of spending the entire grant funds awarded, but actual expenditures do not equal the amount reported to the federal agency. In addition, one grant budget was not recorded in SOAR, but expenditures were incurred against the grant. When we asked one CFO representative about the differences in the recorded grant amounts, the representative was unable to provide an explanation. As a result, we were not able to reconcile the discrepancies among awarded, expended, and available grant funds.

Table 8 and Table 9 on the following pages identify the federal grant amount awarded and the expenditures recorded in comparison to reported amounts in the District's accounting system for FY 2002 and FY 2003, respectively.

FINDINGS AND RECOMMENDATIONS

Table 8 – Comparison of FY 2002 Federal and District Records on HIV/AIDS Grant Expenditures

HIV/AIDS Grants	FY 2002 Grant Amount (NOGA)	FY 2002 Expenditure FSR	FY 2002 Budget Per SOAR	FY 2002 Expenditure Per SOAR
HIV Emergency Relief Project (Ryan White Title I)	$25,157,698	$26,456,711	$24,208,142	$24,396,459
Ryan White CARE Act Title II	$16,896,312	$16,896,312	$15,292,356	$13,098,698
HIV Prevention Project	$6,240,598	$6,240,598	$6,304,090	$6,232,789
Community Based HIV/AIDS	$210,131	$210,131	$221,641	$208,050
Housing Opportunities for Persons with AIDS (HOPWA)	$8,721,000	---[13]	$7,769,000	$7,871,813
Centers for Medicare & Medicaid Services (Ticket-to-Work)	$3,980,308	$3,980,308	$115,000	$83,910
HIV/AIDS Surveillance and Seroprevalence	$1,171,075	$910,507	$734,825	$750,072
Total	**$62,377,122**	**$54,694,567**	**$54,645,054**	**$52,641,791**

[13] The blanks indicate that the HAA is not required to submit an expenditure report to the federal agency for this grant.

FINDINGS AND RECOMMENDATIONS

Table 9 - Comparison of FY 2003 Federal and District Records on HIV/AIDS Grant Expenditures

HIV/AIDS Grants	FY 2003 Grant Amount (NOGA)	FY 2003 Expenditure FSR	FY 2003 Budget Per SOAR	FY 2003 EIS Expenditures Per SOAR
HIV Emergency Relief Project (Ryan White Title I)	$32,955,063	$29,816,917	$30,167,883	$29,816,277
Ryan White CARE Act Title II	$16,256,368	$17,483,857	$15,405,924	$17,450,301
HIV Prevention Project	$6,023,544	$6,023,544	$5,817,208	$5,742,959
Community Based HIV/AIDS	$400,000	$285,445	$311,944	$285,445
Housing Opportunities for Persons with AIDS (HOPWA)	$10,451,000	----	$7,966,341	$7,950,999
Centers for Medicare & Medicaid Services (Ticket-to-Work)	$8,063,721	$2,552,534	no budget listed	$1,375,434
HIV/AIDS Surveillance and Seroprevalence	$946,119	$1,002,740	$845,110	$706,568
Total	**$75,095,815**	**$57,165,037**	**$60,514,410**	**$63,327,983**

Ryan White Title I and Title II Grant Funds. Ryan White Title I and Title II funds are paid directly from HRSA to the subgrantees. Once HAA has approved the subgrantee invoices, they are submitted to HRSA for reimbursement. At the time of reimbursement, the CFO does not identify each individual invoice submitted by subgrantees, but makes a journal entry in SOAR as a lump sum amount of the funds reimbursed to the subgrantees. During FY 2003, HRSA reimbursed subgrantees $2,254,101.89 for Ryan White Title I and II funds; however, the CFO was unable to provide us the same information for FY 2002.

Community Based Grant Funds. The grant funds identified in the budget per SOAR for FY 2002 exceeded the federal NOGA by $11,500. In FY 2003, the grant funds identified in the budget per SOAR were $88,056 less than the federal NOGA.

Ticket-to-Work Grant Funds. The FY 2002 Ticket-to-Work grant award was posted in SOAR in an amount substantially less than that in the federal NOGA. The NOGA amount was $3.9 million and the SOAR budgeted amount was $115,000. The FY 2003 budget was not posted in SOAR; however, expenses were made against the grant. At the completion of our fieldwork, HAA had only disbursed 32 percent of the FY 2003 funds.

FINDINGS AND RECOMMENDATIONS

HIV Prevention Grant Project Funds. The FY 2002 grant funds identified in SOAR were $6.3 million, but the amount listed on the NOGA was $6.2 million. In FY 2003, the grant funds identified in SOAR were listed as $5.8 million, but the amount listed on the NOGA was $6 million.

HIV/AIDS Surveillance and Seroprevalence Grant Funds. The FY 2002 grant budget posted in SOAR was considerably less than that in the NOGA. In FY 2003, the NOGA neither agrees with the FSR submitted to the federal agency by the CFO, nor the amount posted in SOAR. The FSR stated expenditures as $1 million; however, SOAR reported expenditures as $706,568.

HOPWA Grant Funds. The HOPWA grant is funded by HUD and uses an Integrated Disbursement and Information System (IDS) that maintains balances and disbursements of the grant funds. HAA makes drawdowns based on subgrantees' spending activities. We performed tests using data from the IDS report that identified grant funds for the years under review. We found that FY 2002 and FY 2003 grant funds agreed with the NOGA, but these amounts could not be traced or verified to the EIS report generated from SOAR. The grant funds received in FY 2003 were listed in SOAR as $8.0 million, which is less than the federal grant award of $10,451,000.

We found that HAA did not maintain supporting documentation to identify subgrantee expenses. As a result, we were unable to determine actual amounts reimbursed to subgrantees. For instance, HRSA reimbursed subgrantees $2,254,101.89 in Ryan White Title I and Title II grant funds; however, HAA was unable to provide invoices or other supporting documentation equal to the amount disbursed to subgrantees. According to the grant agreement between HAA and the subgrantee, money is to be reimbursed based on invoices detailing services rendered and approved by HAA. In order for HAA to determine if requests for reimbursements are legitimate, HAA should have supporting documentation on file verifying expenses incurred by subgrantees.

HAA lacked appropriate and accurate supporting documentation of reimbursements made to subgrantees, incorrectly recorded grant funds and expenditures, and improperly recorded expenses from subgrantees. As a result, we could not verify the accuracy of their grant expenditures. There is no assurance that grant funds are being expended in accordance with the grant terms and sound accounting principles, which could adversely affect the services provided to District families and persons living with HIV or AIDS.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS

We recommend that the Director, Department of Health:

14. Obtain all supporting documentation for disbursements, and ensure that the correct grant information is reported to the federal government.

15. Implement a management control review of the posting of grant funds awarded to ensure that grant funds received are recorded in the District's financial system as stated in the grant agreements.

16. Develop a process to account for individual subgrantee reimbursements recorded in the District's financial system that would identify and track reimbursements made to subgrantees.

DOH RESPONSE

DOH generally agrees with the recommendation and has provided detailed actions taken and planned to address all of the above recommendations and correct noted deficiencies. DOH provided some adjustments to the information shown in Tables 8 and 9, Comparison of FY 2002 and FY 2003 Federal and District Records on HIV/AIDS Grant Expenditures. DOH's response is included at Exhibit D.

OIG COMMENT

We consider DOH's actions to be responsive to the above recommendations and meet the intent of the recommendations with the exception of Recommendation 16. DOH's response did not identify the process it would establish to account for individual subgrantee reimbursements. It is not clear that merely identifying invoices in SOAR and PASS will accomplish this objective. We request that DOH reconsider its response and provide additional comments that fully address and meet the intent of the recommendation. Additionally, DOH provided comments and interpretations to Tables 8 and 9, Comparison of FY 2002 and FY 2003 Federal and District Records on HIV/AIDS Grant Expenditures. We reviewed DOH's comments; however, no changes will be made to the report. Accordingly, we request that DOH provide supporting documentation for the figures included in its response.

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

EXHIBIT A

Recommendation	Description of Benefit	Amount and Type of Benefit	Status[14]
1	Compliance and Internal Control. Establishes controls to ensure that HAA officials provide adequate oversight to ensure that grant monitors perform the required number of site visits.	Non Monetary	
2	Internal Control. Provides controls to ensure that all subgrantees are assigned a monitor when grants are awarded.	Non Monetary	
3	Compliance. Establishes requirements that all grant monitors consistently use a uniform method of documenting site visits.	Non Monetary	
4	Compliance. Implements requirement for HAA to ensure that accurate and current contact information regarding subgrantees is maintained in subgrantee files.	Non Monetary	
5	Internal Controls. Establishes policies to ensure grant monitors are properly trained to monitor activities of subgrantees providing HIV/AIDS services.	Non Monetary	
6	Compliance and Internal Control. Requires HAA to adhere to established policies and procedures to ensure that subgrantees meet target service deliverables.	Non Monetary	

[14] This column provides the status of a recommendation as of the report date. For final reports, "**Open**" means management and the OIG are in agreement on the action to be taken, but action is not complete. "**Closed**" means management has advised that the action necessary to correct the condition is complete. "**Unresolved**" means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

EXHIBIT A

Recommendation	Description of Benefit	Amount and Type of Benefit	Status[14]
7	Compliance and Internal Control. Requires HAA to adhere to grant agreements and provide remediation plans when subgrantees fall behind in meeting service targets.	Non Monetary	
8	Internal control. Implements internal controls to ensure that subgrantees submit required reports timely.	Non Monetary	
9	Internal Control. Implements internal controls to ensure that subgrantees required to obtain an A-133 audits do so, and if they fail to obtain the audit, funding is not awarded in subsequent years.	Non Monetary	
10a	Internal Control. Establishes policies and procedures outlining the grant awarding process to ensure that grants are awarded only to subgrantees that are properly licensed and registered to conduct business in the District of Columbia.	Non Monetary	
10b	Internal Control. Provides a mechanism to work with agencies responsible for granting licenses to inform them when it is discovered that a subgrantee does not possess required licenses.	Non Monetary	
10c	Internal Control. Establishes internal controls that would determine prior to the grant award whether a subgrantee is eligible for Medicaid certification and has sought certification.	Non Monetary	

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

EXHIBIT A

Recommendation	Description of Benefit	Amount and Type of Benefit	Status
10d	Internal Control and Economy and Efficiency. Provides for procedures to ensure that HAA grant funding is the payee of last resort of grant funds when a subgrantee is Medicaid-certified.	Lost Opportunity for Potential Monetary Benefits of $1.1 Million	
11	Compliance and Internal Control. Provides for strengthening internal controls to ensure that HAA follows established policies and procedures to provide timely reimbursements to subgrantees.	Non Monetary	
12	Compliance and Internal Control. Provides for guidelines to be implemented to ensure that requests for reimbursements processed by HAA's management are reviewed timely.	Non Monetary	
13a	Internal Control. Establishes a system within HAA to require that proper supporting documentation is maintained to attest that services were provided by subgrantees before reimbursements are generated.	Non Monetary	
13b	Internal Control. Provides that supporting documentation will be obtained and maintained for reimbursements made to subgrantees.	Non Monetary	
14	Internal Control. Provides that accurate grant information is reported to the federal government, and all supporting documentation to support reported data is maintained.	Non Monetary	

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

EXHIBIT A

Recommendation	Description of Benefit	Amount and Type of Benefit	Status
15	Internal Control. Provides management with a clear picture of the actual amounts of grant awards received and are available to provide HIV/AIDS services.	Non Monetary	
16	Internal Controls. Provides a mechanism to document reimbursements made to individual subgrantees.	Non Monetary	

EXHIBIT B. LIST OF HAA'S HIV/AIDS GRANTS

Ryan White Title I Grant

The Ryan White Title I Comprehensive Acquired Immunodeficiency Syndrome Resources Emergency (CARE) Act was enacted by Congress in 1990, amended, and reauthorized in 1996 and again in 2000. The purpose of this Act is to address the unmet needs of people living with the HIV disease.

The Ryan White Title I grant provides direct financial assistance to EMAs that have been the most severely affected by the HIV epidemic. Its goal is to develop, organize, and operate programs that provide effective and appropriate health care and support services for the individuals and families affected by HIV. HAA received Ryan White Title I grant funding of $25,157,698 and $32,955,063 in FY 2002 and FY 2003, respectively. HAA used 34 subgrantees to provide services to the HIV community.

Ryan White Title II Grant

The Ryan White Title II grant provides funds to the District of Columbia to improve access to primary care and support services. The District has program flexibility to ensure that a basic standard of care is provided across its diverse service areas to support five programs:

- AIDS Drug Assistance Program (ADAP);
- HIV care consortia;
- Service provided directly by the District of Columbia subgrantees;
- Health insurance coverage; and
- Home and community-based services.

In FY 2002 and FY 2003, HAA used 42 subgrantees to provide Ryan White Title II services. HAA received $16,896,312 and $16,256,368 in grant funding for FY 2002 and FY 2003, respectively.

Community Based HIV/AIDS Grant

The D.C. TechNet Capacity Building Demonstration Project is a public/private partnership between the District government and a private firm, and seeks to assess the need for HIV/AIDS services; enhance the resource capacity of subgrantees; and increase community involvement and linkage between HIV/AIDS agencies and resources. Subgrantees are targeted for training and mentoring in areas where they have been assessed to have a need for increased capacity building from fiscal management to Board of Directors development or utilization of technology to enhance their general management. The District received $210,131 and $400,000 Community Based HIV grant funding in FY 2002 and FY 2003, respectively.

EXHIBIT B. LIST OF HAA'S HIV/AIDS GRANTS

Ticket-to-Work Demonstration Grant

The Ticket-to-Work Demonstration Grant was developed to support the District's efforts to expand access to health care services through Medicaid for people living with HIV. The District is committed to improving access to antiretroviral therapy[15] through early HIV identification and intervention to delay the onset of AIDS, in addition to maintaining the ability to continue to work with an HIV or AIDS diagnosis.

The District received Ticket-to-Work grant funds of $3,980,308 in FY 2002 and $4,167,323 in FY 2003. There was a carryover of $3,896,398 from FY 2002 into FY 2003 and the total approved budget for FY 2003 was $8,063,721. The FY 2002 and FY 2003 project period is from January 1, 2002, through December 31, 2007.

Housing Opportunities for Persons with Aids (HOPWA) Grant

The HOPWA grant is federally funded through HUD to EMAs and direct recipients, who in turn, make grants to local nonprofit organizations for projects that benefit low-income persons medically diagnosed with HIV/AIDS and their families. The HUD- funded HOPWA program distributes funds using a formula that relies on AIDS statistics reflecting cumulative AIDS cases and area of incidence. HOPWA funding is awarded to qualified states and metropolitan areas with the highest number of AIDS cases.

The District received HOPWA grant funds of $8,721,000 and $10,451,000 in FY 2002 and FY 2003, respectively. There were 14 housing providers who received subgrants from HAA, and many of the subgrantees received more than 1 HOPWA grant to administer housing and supportive services.

Prevention Grant

The Prevention Division is comprised of three offices: the Program Office; the Counseling, Testing and Referral Services Office; and the Community Planning Office. Its mission is preventing the transmission of new HIV infection and re-infection by providing leadership and innovation in the development and delivery of HIV prevention services to residents of the District of Columbia.

The Prevention Division is responsible for developing programs and initiatives that respond to the community's changing HIV prevention needs, emerging trends, gaps in resources, and the incidence of HIV/AIDS in various demographic groups. HAA's prevention efforts are

[15] Antiretroviral therapy is medication that inhibits the replication of HIV and is used in combination with different drugs. Through antiretroviral therapy, HIV replication and immune deterioration can be delayed, and survival and quality of life improved.

EXHIBIT B. LIST OF HAA'S HIV/AIDS GRANTS

focused on promoting general HIV awareness among District residents, increasing protective behaviors among sexually active persons, and decreasing the proportion of people who are unaware of their HIV status.

Further, HAA's Prevention Division provides HIV counseling and testing to District of Columbia residents and refers all newly identified HIV positive individuals to appropriate healthcare and other support services, while funding numerous subgrantees to provide education and intervention programs. The Prevention Division awarded 27 subgrants in FY 2002 and 37 in FY 2003. The District received grant funding amounting to $6,240,598 and $6,023,544 in FY 2002 and FY 2003, respectively.

Surveillance Grant

The Surveillance Division maintains, accumulates, and reports statistical data for all HAA programs in order for HAA to apply for grant funding. The Surveillance Division's primary function is to keep statistical information of HIV and AIDS cases that allow information to be retrieved by gender, race, age, and geographical location.

AIDS surveillance is conducted to monitor the spread of the epidemic and to provide a basis for planning and evaluation of prevention and care services. The District conducts AIDS Surveillance under cooperative agreements with the federal Centers for Disease Control and Prevention (CDCs). The Data and Research Division is responsible for monitoring the status of HIV/AIDS in the District of Columbia through surveillance and epidemiology activities.

The Surveillance and Epidemiology Section supports the work of the Division through various data gathering, management, and analysis functions. The responsibility of this section is to maintain a confidential electronic registry and to conduct the investigation, collection, analysis, and interpretation of reported HIV/AIDS case data. In addition, the Division is responsible for maintaining, analyzing, and reporting HIV health services and prevention services data. HAA received grant funds in the amount of $1,171,075 and $946,119 in FY 2002 and FY 2003, respectively.

EXHIBIT C. SURVEY OF SUBGRANTEE REIMBURSEMENTS

VENDOR PAYMENT CUSTOMER SATISFACTION SURVEY

Please circle the answer that best describes your opinion as it relates to the various aspects of the services provided by the Department of Health.

1. Are you currently contracted with the Department of Health, HIV/AIDS Administration (DOH/HAA) as a service provider?

   YES NO

2. Has DOH/HAA conducted site visits to your company within the last twelve months?

   YES NO

3. Has DOH/HAA provided vendor payment system training for you and/or your staff?

   YES NO

4. Were you aware of the transfer of the vendor payment function in 2003 from DOH/HAA to the DOH, Office of the Chief Financial Officer (OCFO)?

   YES NO

5. Have you noticed any changes in the reimbursement process over the past 6 months?

   YES NO

6. On average, how long does it take for a reimbursement to be processed once the required data is submitted to DOH/OCFO?

   0-15 days 15-30 days 30-45 days >45 days

7. How would you rate the vendor payment system?

   YES NO

8. Have you had a need to contact DOH/HAA with questions concerning the vendor payment function?

   YES NO

9. If yes, was DOH able to adequately address your needs?

   YES NO

10. How would you rate the DOH/HAA's customer service provided?

    YES NO

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HEALTH

★ ★ ★

Office of the Director

June 21, 2005

Via Facsimile: 202-727-9903

Austin A. Anderson
Interim Inspector General
717 14th Street, NW
Washington, DC 20005

Re: Audit of the Department of Health HIV/AIDS Administration
OIG No. 04-2-05HC

Dear Mr. Anderson:

Please find enclosed the Department of Health's response to the Office of the Inspector General's Draft Audit of the HIV/AIDS Administration Office, OIG No. 04-2-05HC. I trust that you will find the report fully responsive to OIG's findings and recommendations.

For all budget and/or financial inquiries regarding this submission, please contact Jon Carver, Agency Fiscal Officer. Mr. Carver can be reached at 202-442-9222 or at jon.carver@dc.gov. Questions relating to the HIV/AIDS Administration should be directed to Lydia L. Watts, Senior Deputy Director. Ms. Watts can be reached at 202-671-4900 or at lydia.watts@dc.gov.

Please feel free to contact me directly at 442-5955.

Sincerely,

Gregg A. Pane, MD
Director

Enclosure

cc: William J. DiVello, Assistant Inspector General for Audits
Neil O. Albert, Deputy Mayor for Children, Youth, Families and Elders
Cheryl Edwards, Department of Health
Monica Lamboy, Department of Health
Lydia Watts, HIV/AIDS Administration
Jon Carver, Agency Fiscal Officer
Kenneth Campbell, Esq., Office of the General Counsel

825 North Capitol Street, N.E., 4th Floor, Washington, D.C. 20002 PHONE (202) 442-5955 FAX (202) 442-4795

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

District of Columbia Department of Health
HIV/AIDS Administration

Response to the Findings of the
District of Columbia Office of the Inspector General
Draft Audit of the Department of Health HIV/AIDS Administration Office
OIG No. 04-2-05HC

Response Report Submitted by

Gregg A. Pane, MD
Director
Department of Health

Jon Carver
Agency Fiscal Officer
Department of Health

Lydia L. Watts, MJ
Senior Deputy Director
Department of Health
HIV/AIDS Administration

June 20, 2005

Attached is the HIV/AIDS Administration's (HAA) response to the Draft Audit of the Department of Health HIV/AIDS Administration Office. For all budget and/or financial inquiries regarding this submission, please contact Jon Carver, Agency Fiscal Officer. Mr. Carver can be reached at 202-442-9222 or at jon.carver@dc.gov *Any and all questions regarding HAA should be directed to Lydia L. Watts, Senior Deputy Director. Ms. Watts can be reached at 202-671-4900 or at* lydia.watts@dc.gov

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

Finding #1: HAA Grant Monitoring: DOH/HAA did not: 1) Perform the required number of site visits; 2) Prepare reliable site visit reports; 3) Adequately maintain sub-grantee files; 4) Ensure that sub-grantees were providing services as agreed; and, 5) Ensure that monitors performed their duties.

Recommendations and HAA Responses: Policy (P) and Action Steps (AS)

1 *Implement a reporting requirement documenting that grant monitors are performing the required number of site visits and that site visits are documented timely for each sub-grantee.*

(P) Pursuant to HAA policy, all federally funded (HRSA, CDC, HOPWA) recipients, providing HIV services one or more service or a combination of services) will receive at a minimum, four (4) site-visits per year. These visits will be conducted on a quarterly basis.

2 *Implement a policy to assign each sub-grantee a monitor immediately after grant agreements are executed.*

(AS) Upon the execution of a signed NOGA, all sub-grantees will be assigned a grant and program monitor. Grant monitors will be required to ensure that the sub-grantee is in compliance with their agreed upon Terms and Conditions and Scopes of Services.

3 *Establish a uniform method of documenting and recording monitor's site visits.*

(P) All site visits and the findings will be documented within 7 business day after the final exit interview with the agency's key principles. A standardized form will be used to collect all information.

4 *Review sub-grantee files to ensure that accurate and current contact information is maintained.*

(P) This will be a monitor function and will take place at the monitor level and quarterly updated.

5 *Monitor training program to train grant monitors on oversight responsibilities.*

(AS) This is a critical issue for HAA. We are currently looking at and determining training needs. It is the Administrative Service Manager's responsibility to identify training programs that will specifically help the monitors in developing their grant monitoring skills and executing their tasks as efficiently as possible.

6 *Assess whether HAA is adhering to and is actively monitoring sub-grantees service deliverable targets.*

(AS) This will be addressed with the quarterly site-visits.

2

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

7 *Adhere to grant agreements and provide remediation plans to sub-grantees that fall 25% behind in meeting service targets.*

(P) HAA has developed a Progressive Disciplinary Policy that was developed to prevent arbitrary and capricious activities on the part of the administration as well as to assist agencies within a specified time-period to either correct and action or be penalized. However, it is not the intent of HAA to close any agency especially considering the severity of HIV/AIDS in the District of Columbia.

(AS) This can and will be addressed through the Progressive Disciplinary Policy.

8 *Implement internal controls (i.e. monthly checklist that monitors must use to document that they have timely received all required reports – status, narrative, closeout, and CADR reports).*

(AS) The grants monitoring program has been charged with developing a Tickler File that highlights when required documents are due to the agency and when they are due to our funders. The majority of all documentation due to outside sources are clearly articulated in the DOH/HAA signed grant agreements with our funders. This will be the function of both the Program and Grants Monitor Director to ensure that all deadlines are timely met.

9 *Establish system to identify all sub-grantees that are required to obtain annual A-133 audits.*

(AS) To be completed on or before September 1, 2005; however, measures that ensure that a) sub-grantees know what is expected and b) the agency can report whether the sub-grantee is compliant or not are being established.

OCFO/DOH Response:

The Office of the Chief Financial Officer, Department of Health (OCFO) has appointed an individual to accompany HAA (program) personnel on site visits to perform financial reviews. OCFO is awaiting an official comprehensive listing of HAA schedule site visits. However, As of April 21, 2005, OCFO has issued approximately 50 letters to sub-grantees requesting each sub-grantee to submit financial records that includes both their financial statements and A-133 reports, if applicable, for review. As of June 17, 2005, approximately 20 sub-grantees have complied. OCFO is using alternative procedures, such as phone calls, to reach the sub-grantees that have not submitted the requested financial records. OCFO is in the process of preparing a database from the financial records received and using information from OCFO to determine sub-grantees' compliance with applicable laws and regulations.

Finding #2: HAA Grant Award Process: DOH/HAA did not: 1) Ensure that sub-grantees were operating under proper District licensures; 2) Ensure that sub-grantees were legally and properly incorporated; and, 3) Ensure that Medicaid-eligible sub-grantees were certified to receive Medicaid funding (reimbursement) before request for reimbursements were provided from grant funds.

3

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

10 *Develop policies and procedures to:*

a. *Ensure that grants are only awarded to sub-grantees that are properly licensed and registered to conduct business in the District of Columbia.*

(AS) This issue is being addressed and several attempts have been made to work with the sub-grantees to legitimize their contractual relationship with the District of Columbia. For example we have made two attempts at notifying sub-grantees requesting that they submit their assurance. At the time we made our first request, one (1) sub-grantee was 100% in compliance with their assurance.

(AS) As of this response to the *Inspector General HIV/AIDS Administration Audit* report, HAA has a total of 112 sub-grantees that were required under the language of the RFA to submit Assurances. Of those sub-grantees, 57 are 100% in compliance with District requirements; this is a percentage increase of 50%. The remaining agencies who fail to meet the 100% compliance threshold, will be notified a third time and it will be at this point, we will instruct them that they have 14 days to comply or their funds will be restricted.

(P) Please be advised that the requirement to submit assurances was not a standard function across all funding RFAs. However, as a policy, all RFAs let from the DOH/HAA will mandate that all potential recipients for HIV/AIDS funding must submit their assurances with the submission of their application for funding. To ensure compliance with this, at the time the response to the RFA is submitted, the assigned staff person (s) will be required to review all assurance documents. If documents are present and accounted for, the submission will be accepted. If the documents are not present, the assigned person will inform the applicant that their submission is not accepted and they will provide the applicant with a justification letter that outlines what documents were not present at the time of the submission. Exception: If an applicant submits their response to the RFA prior to the date and time deadline, they can resubmit their application along with the required assurances within the allotted required date and time of submission.

b. *Establish a process for coordinating the review of business and other licensing requirements with DCRA and other organizations as necessary.*

DOH/HAA believes that the above-mentioned policy should meet and ensure compliancy with licensing requirements.

c. *Determine that these organizations do not have valid Articles of Incorporation before awarding them grants to conduct business with the District government.*

Agree. This issue is addressed in the above-mentioned policy statement in response to Recommendation 1.

d. *Determine prior to the grant award whether a sub-grantee applicant is eligible to obtain Medicaid certification, and ensure that eligible applicants have sought and obtained certification.*

4

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

Where applicable, this will happen with the submission of the grant application process when the assurances are reviewed.

e. *Ensure that HAA seeks Medicaid reimbursement for services provided by a Medicaid-certified sub-grantee, in accordance with the Ryan White Care Act.*

(P) All applicants who apply for Ryan White Care Act funds will be informed in writing through the Request for Application (RFA) process that if awarded funding, and they plan on providing direct care services that are reimbursable by Medicaid, they will be required to submit at the time of their contract negotiation and signage, a copy of their sliding fee scale which must be based on the *most current Federal Poverty Level Guidelines (FPL) (2004 Federal Poverty Guidelines).*

(AS) For currently funded sub-grantees who provide covered Medicaid services, HAA will begin to initiate the following steps:

Request that they submit documentation that a client has been denied coverage by Medicaid and list the services that were denied. This can be done by submitting the denial letter received by Medicaid regarding the services not covered when HAA does its quarterly site visits.

(P) If during the site visit review, HAA finds that the agency failed to submit a claim for reimbursement that is a covered Medicaid service, immediate adjustments will be made to their payment. HAA will be responsible for informing the agency in writing that a discrepancy has been found and will indicate that the agency will have approximately 7 business days to grieve the discrepancy. In order to grieve the discrepancy, the agency at a minimum must provide the necessary documentation (a copy of the Official Medicaid Denial Letter) for the said client for the said services and within the said month that services were rendered.

(AS) The above-mention policy will go into effect for the following Ryan White Care Act funded programs:

Title I: Period Covered March through February: Agencies will be notified of the policy, its impact and their expectation by July 15, 2005. For Title I, the scheduled site visit review periods are May, August, November and February of each grant year. **Note: May site visit did not occur due to a 90 day extension for Year 14 sub-grantees.**

Title II: Period Covering April through March: Agencies will be notified of the policy, its impact and their expectation by July 15, 2005. For Title II, the scheduled site visit review periods are June, September, December and March of each grant year.

(P) This established standard will be applicable across the Washington DC Eligible Metropolitan Area which covers: Northern Virginia, West Virginia and Suburban Maryland. The administrative agencies will be notified by July 15, 2005. At which time, they will be

5

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

requested to notify their vendors and make the necessary adjustments. **Note: This is only applicable to Title I sub-grantees.**

Finding #3: HAA Sub-grantee Reimbursements: DOH/HAA did not: 1) HAA did not always provide timely reimbursements to sub-grantees and in many cases took over 45 days to reimburse

11 *Require HAA to update its general desk procedures to include a reasonable timeframe in which grant monitors will process invoices.*

(P) Effective June 1, 2005, HAA established the 20/30 Day Payment Plan. The overall goals of the 20/30 day Payment Plan were to drastically cut the amount of time it took to process invoices submitted to DOH/HAA and in doing so, continue to promote quality health outcomes and absolute fiscal integrity. To meet this objective and to facilitate compliance with the Prompt Payment Act, the following steps were taken by DOH/HAA to ensure payment of invoices for all programs within 30 day of receipt of the invoices. It was believed that the implementation of this single step alone significantly would decrease the payment timeframe by 1 month. Moreover, it was believed that fiscal integrity would be maintained through the implementation of quarterly programmatic and fiscal site visits. The payment plan would stipulate that HAA program staff, grant monitors and the OCFO auditor would conduct site visits on all service providers once every quarter. The OCFO will randomly select a month worth of invoices for fiscal review. This review includes, but is not limited to, the following activities: ensuring that the rate paid the provider is in accordance with the NOGA, employee's salaries are consistent with the providers payroll system and that all request for reimbursement include cancelled checks.

(AS) Specifically, HAA will do the following for all non Ryan White Care Act funded programs: Prevention, HOPWA and Appropriated:

Sub-grantee Notification

- Notified sub-grantees that they were no longer required to submit the voluminous amount of support documentation on a monthly basis. Instructed providers that:
  - In the place of all the receipts and cancelled checks currently being submitted with the invoice, the sub-grantee would be required to provide a copy of the general ledger, payroll registers, & time sheets; and,
  - All cost reimbursement requests (invoices) would be in accordance with the categorical budget and the mutually agreed upon terms and conditions and scopes of services that are approved by all parties including DOH/HAA and the service provider(s).

HAA Grant Management

- The Grants Management Specialist will process the invoices within 10 days of receipt. General ledger, payroll registers and time sheets will be reviewed. HAA Grants Management Chief will then certify the invoices for payment and once certified, sent to OCFO. To ensure accountability, the following will be done:

6

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

- To ensure that costs associated with the invoices are reasonable and allowable, HAA Grants Management Specialist will conduct, at a minimum, one site visit per quarter a total of 4 per year.
- During the site visits, the Grants Management Specialist will review a sample of the documents that supports that quarters invoices. At which time, the sub-grantee will be required to provide a copy of all of the support documentation, for that quarter for Single Audit Purposes;
- Any disallowances that result from the quarterly site visit will be, (a) documented, (b) discussed with the sub-grantee, and (c) reconciled on the subsequent invoice.

Ryan White Title I and II

- These are payments made within the 30 day timeframe for which reimbursement checks are prepared by HRSA and submitted directly to the provider.
  - In June 2005, the Department of Health will request from HRSA the authority to resume making its own Title I and II payments;
  - In August 2005, it is anticipated that DOH will resume the payment authority and responsibility of all Title I and II payments; however, this date may be moved to October in order for their to be a smooth transition within the Districts funding cycles.

- Until all negotiations are completed with HRSA, the process used for all Title I and Title II payments will replicate the above mentioned steps. Moreover the payment process will be completed within 30 days of receipt of invoice.

12 *Require HAA to update its general desk procedures to include a timeframe that HAAs management will be allotted to review and approved processed invoices.*

The above-mentioned plan allows for HAA management to approved and review processed invoices

13 *Require supporting documentation for reimbursements made to sub-grantees be maintained within HAA.*

The above-mentioned plan allows for the requires that copies of supporting documentation are retrieved during the site visit and house at HAA.

14 *Obtain supporting documentation for the 49 reimbursements made to sub-grantees identified in this audit.*

(AS) Between July 2005 and December 2005, HAA will do the following:

1. File review of the missing documentation;
2. Notify vendors and where applicable, retrieve missing documentation; and
3. Report progress to the appropriate parties.

7

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

OCFO/DOH response:

The finance office at HIV/AIDS Administration (HAA) was disbanded in September of 2004, because it lacked adequate internal control relative to the payment process. OCFO found a lack of segregated duties among the following accounting functions: the payment process, the purchasing process, and receiving functions at HAA. As a result, all financial records were transferred to the OCFO. OCFO is requesting that the Office of the Inspector General provide a detail listing of the questioned 49 invoices. Upon receipt of the list, OCFO will attempt to locate the supporting documentation.

Finding #4: Recording and processing of Grant Funding Reimbursements: DOH/HAA did not: provide budget expenditure information related to individual grants: HIV Prevention Grant Project Funds, HIV/AIDS Surveillance and Seropravalence Grant Funds and HOPWA Grant Funds.

14 *Obtain all supporting documentation for disbursements, and ensure that the correct grant information is reported to the federal government.*

(AS) As indicated in Finding #3: Recommendation 3 and response, within the suggested time frame, HAA will incorporate the strategy outlined and report on its finding by December 2005.

OCFO/DOH response:

Sub-grantees request for payments (an invoice) are made through the HAA. All requests for payment are accompanied by supporting documentation to HAA. HAA certifies the request for payment. By certifying the payment, HAA identifies the grant services and identifies the funding source. A copy of the request for payment and HAA certification is forwarded to the OCFO for payment. OCFO processes payment through the District's Financial Management, System of Accounting and Reporting (SOAR) for all sub-grantee with the exception of Ryan White Title I and Tile II which are reimbursed by Health Resource Service Administration (HRSA).

The request for reimburse from HRSA is made through the OCFO. Upon payment by HRSA, HRSA electronically transmit a file to OCFO. OCFO uses the file to prepare a journal entry into SOAR to record an expenditure and revenue.

15 *Implement a management control review of the posting of grant funds awarded to ensure that grant funds received are recorded in the District's financial system as stated in the grant agreements.*

The District's accounting and fiscal management system – SOAR – is available to OCFO staff and program staff. SOAR is a real time system that allows on-line inquiries for budget and expenditures. All program staff may request training for SOAR and may request access to SOAR.

8

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

(AS) To address this issue, HAA will hire personnel to be trained on SOAR and the PASS system. It is anticipated that these positions will be filled by August 2005.

OCFO/DOH response:

At the beginning of the fiscal year, the OCFO, Department of Health reconciles the budget authority in SOAR with the grant award and prior year expenditures (that are captured in SOAR) for all federal grants received by the Administration for HIV/AIDS. To facilitate this review the following reconciliation sheet is completed during this process and reviewed by the appropriate management staff within the department. In the event that budget authority must be increased or decreased the reconciliation sheet and the appropriate grant award document is forwarded to the central budget office for approval **(See Attached Carryover Reconciliation Sheet).**

16 *Develop a process to account for individual sub-grantee reimbursements recorded in the District's financial system that would identify and track reimbursements made to sub-grantees.*

Currently, the Districts accounting and procurement systems, SOAR and PASS, produce reports that list all invoices paid.

(AS) HAA is in the process of hiring personnel to take care of this aspect of accounting. It is anticipated that staff will be secured no later than October, 2005.

OCFO/DOH response:

For a sub-grantee to be paid (reimbursed) each sub-grantee has to be given a Purchase Order (PO) or contract that authorized the sub-grantee to procure goods or services on behalf of the District. To obtain a PO or contract, funds are encumbered by HAA personnel in the District's Procurement Automated Support System (PASS). Each sub-grantee is given a unique system-generated number (Purchase Order number). Each encumbrance must be certified by the OCFO, DOH for funding availability and sub-grantees are then authorized to start work by the Director of the Department of Health. After HAA staff receives and certify sub-grantee invoices, payments are processed through SOAR generating a unique voucher number for the sub-grantee. This voucher number is linked to the Purchase Order number when the OCFO processes this request for payment.

9

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

APPENDICES AND FINANCIAL TABLES: PAGE 25: TABLES 8: OIG FINDINGS

The Table below was provided by the OIG to which the OCFO does not concur with its interpretation; as a result, OCFO has revised the Table along with accompanying supporting documentation and an explanation to correctly reflect the proper financial position.

Table 8-Comparison of FY 2002 Federal and District Records on HIV/AIDS Grant Expenditures

Comparison of FY 2002 Federal and District Records on HIV /AIDS Grant Expenditures

HIV/ AIDS Grants	FY 2002 Grant Amount (NOGA)	FY 2002 Expenditure FSR	FY 2002 Budget Per SOAR	FY 2002 Expenditure per SOAR
HIV Emergency Relief Project (Ryan White Title I)	$ 25,157,698	$ 26,456,711	$24,208,142	$24,396,459
Ryan White CARE Act Title II	$ 16,896,312	$ 16,896,312	$15,292,356	$13,098,698
HIV Prevention Project	$ 6,240,598	$ 6,240,598	$ 6,304,090	$ 6,232,789
Community Based HIV/AIDS	$ 210,131	$ 210,131	$ 221,641	$ 208,050
Housing Opportunities for Persons with AIDS (HOPWA)	$ 8,721,000	$ -	$ 7,769,000	$ 7,871,813
Center for Medicare & Medicaid Services (Ticket to Work)	$ 3,980,308	$ 3,980,308	$ 115,000	$ 83,910
HIV/AIDS Surveillance and Seroprevalence	$ 1,171,075	$ 910,507	$ 734,825	$ 750,072
Total	**$ 62,377,122**	**$ 54,694,567**	**$54,645,054**	**$52,641,791**

10

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

APPENDICES AND FINANCIAL TABLES: PAGE 25: TABLES 8: OCFO REVISED FINDINGS

Revised Table 8-Comparison of FY 2002 Federal and District Records on HIV/AIDS Grant Expenditures

Comparison of FY 2002 Federal and District Records on HIV /AIDS Grant Expenditures Per OCFO Office

	A	B	C	D
HIV/ AIDS Grants	FY 2002 Grant Amount (NOGA)	FY 2002 Expenditure FSR	FY 2002 Budget Per SOAR	FY 2002 Expenditure per SOAR
HIV Emergency Relief Project (Ryan White Title I)	$ 26,456,711	$ 24,396,459	$ 24,208,142	$ 24,396,459
Ryan White CARE Act Title II	$ 16,896,312	$ 15,913,332	$ 15,292,363	$ 13,098,698
HIV Prevention Project	$ 6,240,598	$ 6,240,598	$ 6,304,090	$ 6,246,297
Community Based HIV/AIDS	$ 210,131	$ 210,131	$ 221,641	$ 208,050
Housing Opportunities for Persons with AIDS (HOPWA)	$ 8,721,000	$ -	$ 7,769,000	$ 7,871,813
Center for Medicare & Medicaid Services (Ticket to Work)	$ 3,980,308	$ 83,910	$ 115,000	$ 83,910
HIV/AIDS Surveillance and Seroprevalence	$ 1,171,075	$ 910,507	$ 734,825	$ 741,855
Total	**$ 63,676,135**	**$ 47,754,937**	**$ 54,645,061**	**$ 52,647,082**

Ryan White Title I. In 2002 two awards were issued, one for services and the other for admin. The service award was for $25,157,698 and the admin award was for $1,299,013 thus the total authorized award amount was for $26,456,711. Expenditures reported on FSR were $24,396,459 not $25,157,698.

Ryan White Title II. FSR expenditures were $15,913,332 not $16,896,312. The variance between SOAR and FSR was due to human error that resulted in HRSA payment not recorded in SOAR timely.

HIV Prevention. Expenditures per SOAR exceeded grant award because the budget was incorrectly loaded. However, difference must be reconciled to local appropriation.

Community Based HIV AIDS. The difference between expenditures per SOAR and expenditures reported on the FSR is the indirect cost (IDCR) that was collected.

11

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

Housing Opportunities for Persons with Aids (HOPWA). HUD issues 5year awards for the HOPWA program. The program has 2 years to obligate and 3 years to liquidate. These funds are loaded based on a budget projection provided by the program. What is not loaded and used in current year is carried forward to use in future periods.

Center for Medicare and Medicaid Services (Ticket to Work). The legislation that governs Ticket to Work states that funds allocated for a fiscal year shall remain available until expended therefore, the budget was loaded based on what program estimated to spend during the period. What was not loaded and used in the 2002 budget was carried forward to be used in future periods.

HIV AIDS Surveillance and Seroprevalence. The difference between expenditure per SOAR and expenditures reported on the FSR is the indirect cost (IDCR) that was collected.

12

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

APPENDICES AND FINANCIAL TABLES; PAGE 26: TABLES 9: OIG FINDINGS

The Table below was provided by the OIG to which the OCFO does not concur with its interpretation; as a result, OCFO has revised the Table along with accompanying supporting documentation and an explanation to correctly reflect the proper financial position.

Table 9-Comparison of FY 2003 Federal and District Records on HIV/AIDS Grant Expenditures

Comparison of FY 2003 Federal and District Records on HIV /AIDS Grant Expenditures

HIV/ AIDS Grants	FY 2003 Grant Amount (NOGA)	FY 2003 Expenditure FSR	FY 2003 Budget Per SOAR	FY 2003 Expenditure per SOAR
HIV Emergency Relief Project (Ryan White Title I)	$ 32,955,063	$ 29,816,917	$30,167,883	$29,816,277
Ryan White CARE Act Title II	$ 16,256,368	$ 17,483,857	$15,405,924	$17,450,301
HIV Prevention Project	$ 6,023,544	$ 6,023,544	$ 5,817,208	$ 5,742,959
Community Based HIV/AIDS	$ 400,000	$ 285,445	$ 311,944	$ 285,445
Housing Opportunities for Persons with AIDS (HOPWA)	$ 10,451,000	$ -	$ 7,966,341	$ 7,950,999
Center for Medicare & Medicaid Services (Ticket to Work)	$ 8,063,721	$ 2,552,534	No budget listed	$ 1,375,434
HIV/AIDS Surveillance and Seroprevalence	$ 946,119	$ 1,002,740	$ 845,110	$ 706,568
Total	$ 75,095,815	$ 57,165,037	$60,514,410	$63,327,983

13

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

APPENDICES AND FINANCIAL TABLES: PAGE 26: TABLES 9: OCFO REVISED FINDINGS

Revised Table 9-Comparison of FY 2003 Federal and District Records on HIV/AIDS Grant Expenditures

Comparison of FY 2003 Federal and District Records on HIV /AIDS Grant Expenditures Per OCFO's Office

	A	B	C	D
HIV/ AIDS Grants	FY 2003 Grant Amount (NOGA)	FY 2003 Expenditure FSR	FY 2003 Budget Per SOAR	FY 2003 Expenditure per SOAR
HIV Emergency Relief Project (Ryan White Title I)	$ 30,167,883	$ 29,816,917	$ 30,167,883	$ 29,816,917
Ryan White CARE Act Title II	$ 17,943,880	$ 17,463,657	$ 15,405,924	$ 17,463,657
HIV Prevention Project	$ 6,023,544	$ 6,023,544	$ 5,817,208	$ 5,733,743
Community Based HIV/AIDS	$ 400,000	$ 285,445	$ 311,944	$ 285,445
Housing Opportunities for Persons with AIDS (HOPWA)	$ 10,451,000	$ -	$ 7,966,341	$ 7,950,999
Center for Medicare & Medicaid Services (Ticket to Work)	$ 8,063,721	$ 2,552,534	$ 4,353,245	$ 2,552,472
HIV/AIDS Surveillance and Seroprevalence	$ 1,287,479	$ 981,075	$ 845,110	$ 706,568
Total	**$ 74,337,507**	**$ 57,123,172**	**$ 64,867,655**	**$ 64,509,802**

Ryan White Title I. In 2003 separate awards were not issued for services and admin. A single award was issued for $30,167,883 not $32,955,063.

Ryan White Title II. In 2003 two awards were issued, one for services and the other for admin. The service award was for $16,256,368 and the admin award was for $1,168,512 thus the total authorized award amount was for $17,943,880.

HIV Prevention. Expenditures per SOAR were $5,733,743 not $5,742,959. The difference between expenditures per SOAR and expenditures reported on the FSR is the indirect cost (IDCR) that was collected.

Community Based HIV AIDS. No discrepancies found. Budget load based on program projection.

Housing Opportunities for Persons with Aids (HOPWA). HUD issues 5year awards for the HOPWA program. The program has 2 years to obligate and 3 years to liquidate. These funds are

14

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

loaded based on a budget projection provided by the program. What is not loaded and used in the current year is carried forward to be used in future periods.

Center for Medicare and Medicaid Services (Ticket to Work). The legislation that governs Ticket to Work states that funds allocated for a fiscal year shall remain available until expended therefore, the budget was loaded based on what program estimated to spend during the period. What was not loaded and used in the 2003 budget was carried forward to use in future periods.

HIV AIDS Surveillance and Seroprevalence. The difference between expenditures per SOAR and expenditures reported on the FSR is the indirect cost (IDCR) that was collected.

15

EXHIBIT D DIRECTOR OF HEALTH RESPONSE TO DRAFT REPORT

Office of the Chief Financial Officer
Human Support Service Cluster
Department of Health
Carryover Reconciliation Sheet

Grant Name:		
Grant Number/Grant Phase:		
Grant Award Period		
Initial Grant Award Amount:		
Supplemental Funding:		-
Transfers In/Out(a):		-
Total Grant Award Amount	$	-
Less Prior Year(s) Expenditures(b)		
FY 2001 Expenditures:		-
FY 2002 Expenditures:		-
FY 2002 IDCR Expenditures:		-
FY 2003 Expenditures:		-
FY 2003 IDCR Expenditures:		-
FY 2004 Expenditures:		-
FY 2004 IDCR Expenditures:		-
FY 2004 Encumbrances to be paid Against FY04		-
Total Expenditures	$	-
Carryover Available(c)	$	-
Current FY 2005 Revised Budget		-
Variance (Grant Available Funds - SOAR)	$	-
Adjustment to FY 05 Budget per this request	$	-

Agency Comments:

Notes:

(a) Transfers In/Out - only applicable to DHS (e.g. TANF)

(b) When calculating prior year expenditures, use the current month and current year on screen 61. Please note that you may need multiple screen prints to come up with the total (change the AY for each year the grant has been available...i.e. grant 00001-01 will have three screen prints - AY01, AY02 and AY03 as of the current month and year). Also, if the grant has expenditures prior to FY 02, insert rows to include expenditures and adjust "total expenditures" accordingly.

(c) Carryover Available = the total grant award amount less the total expenditures (this should match the amount in the appropriate column of the Cover Memo)

16